



ADS Chapter 621

Obligations

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Functional Series 600 – Budget and Finance
ADS 621 – Obligations

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ADS 621 – Obligations

621.1 OVERVIEW

Effective Date: 09/15/1997

This chapter provides the policy directives and required procedures for the [obligation](#) and management of funds that Congress appropriates to the Agency. It incorporates statutory requirements and Federal guidelines to ensure that USAID obligations are valid and managed in accordance with sound financial management principles.

*621.2 PRIMARY RESPONSIBILITIES

Effective Date: 08/04/2005

*a. Office of the Chief Financial Officer (M/CFO)

- *Directs USAID financial management operations worldwide;
- *Directs the development of financial management information for the Agency Strategic Plan (SP), Annual Performance Plan (APP), annual Performance and Accountability Report (PAR), and Congressional Presentation (CP);
- *In consultation with the Bureau for Policy and Program Coordination (PPC), ensures that reliable, consistent, and timely information on program performance is available to meet CFO reporting requirements;
- *Manages the development, implementation, and maintenance of an integrated financial management system that meets Federal financial system requirements;
- Provides an annual certification to the Department of Treasury (see [621.3.16](#));
- Monitors, and reports to the Department of Treasury on, the Agency's [pipeline](#); and
- *Develops and issues Agency-wide financial management policies and procedures, including the establishment of standard accounting practices.

*b. The Bureau for Policy and Program Coordination, Office of Resource Allocation (PPC/RA)

- *Establishes budgetary controls on Bureau obligations in the annual operating year budget and monitors budget execution.
- Provides Agency policy and procedures on [forward funding](#), funding sources, and [reobligation](#) (see [ADS 601](#), [602](#), [603](#), and the **internal mandatory reference, [Reobligation Policy](#)**);

* An asterisk indicates that the adjacent material is new or substantively revised.

- Monitors the Agency's pipeline levels in relation to budget planning; and
- Redistributes deobligated funds (**recoveries**) to the Bureaus (see the **internal mandatory reference**, [Reobligation Policy](#)).

***c. Assistant Administrators (AAs) and Independent Office Directors**

- Provide an annual certification to the CFO in October of each year on the validity of USAID/W obligations incurred by the Bureau or Office;
- Provide an annual certification to the CFO in October of each year on the status of unexpended [obligated balances](#) in USAID/W obligations;
- *Properly designate and authorize no more than two staff members to ensure that [residual funds](#) in old obligations such as Travel Authorizations/Orders (**TAs**) and Purchase Orders (**POs**) are deobligated on a timely basis; and
- Ensure that effective procedures are in place for the management of Bureau or Office obligations.

d. Mission Directors

- Provide an annual certification to the CFO in October of each year on the status of unexpended obligated balances in Mission obligations; and
- Ensure that effective procedures are in place for the management of Mission obligations.

e. Bureau for Management Office Directors with obligating authority

- Provide an annual certification to the CFO in October of each year on the validity of obligations incurred by their Office; and
- Ensure that effective procedures are in place for the management of Office obligations.

***f. Mission Controllers**

- Provide an annual certification to the CFO in October of each year on the validity of their Mission's obligations;
- Record Mission [commitments](#) and obligations in the accounting system;
- *Maintain files and related documentation in support of Mission obligations recorded in the financial records;

* An asterisk indicates that the adjacent material is new or substantively revised.

- Coordinate at least annually a Mission-wide review of all unexpended obligated balances to identify excess and unneeded balances for potential [deobligation](#) (see [ADS 202, Achieving](#), and the **internal mandatory reference, [Deobligation Guidebook](#)**);
- Develop procedures for obligations monitoring and ensure that proper controls are in place and are effectively implemented, in support of the Controller's and Mission Director's annual certifications;
- Coordinate with [Obligation Managers](#) (e.g., [Cognizant Technical Officers \(CTOs\)](#)), authorized obligating personnel, and Program Offices to ensure proper monitoring of pipelines and forward funding policies (see [ADS 602, Forward Funding of Program Funds](#), and [ADS 603, Forward Funding, Non-Program Funds](#));
- *Properly designate and authorize Controller Office staff to deobligate residual funds in old obligations, such as TAs, Personal Service Contracts (**PSCs**), [Miscellaneous Obligations \(MOs\)](#), and POs when the deobligation is in accordance with [621.3.9, Deobligation and Reobligation](#), and ensure that these deobligations are made on a timely basis;
- Ensure that obligations, commitments, and adjustments are properly authorized before being recorded in the accounting system;
- Monitor, in coordination with Program Offices, the crosswalk of projects to Strategic Objectives (**SOs**);
- Ensure the availability of funds, use of the proper [appropriation](#) account (**in coordination with the Program Office**), and the integrity of data recorded in the accounting system;
- Monitor the pipeline for OE-funded obligations for compliance with the forward funding policy for non-program funds (see [ADS 603, Forward Funding, Non-Program Funds](#)). In some Missions, this duty is delegated to the Executive Officer (**EXO**); and
- * Ensure, in coordination with Obligation Managers and [Obligating Officials](#), that approvals to deviate from the forward funding policy for non-program funds (see [ADS 603, Forward Funding, Non-Program Funds](#)) are documented and maintained in the official file along with the obligating documents (see [621.3.8](#)).

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- *g. **Obligating Officials (Contracting/Agreement Officers, EXOs, AAs, Deputy AAs, Mission Directors, or other individuals, including USPSCs and non-U.S. Citizen Employees, with obligating authority in accordance with the internal mandatory reference, [Delegation of Authority, Duty, or Responsibility to USPSCs and Non-U.S. Citizen Employees](#)) (see [ADS 103, Delegations of Authority](#))**

Obligate Agency funds and ensure that obligations conform to the applicable regulatory requirements (Note: The Chief, Bureau for Management, Office of Administrative Services, Travel and Transportation Division (M/AS/TT) is the Obligating Official for USAID/W-issued TAs);

- In USAID/W, record obligations (**or, in the case of interagency agreements and certain grants, ensure that obligations are recorded**) in the procurement system or accounting system. (See [ADS 306, Interagency Agreements](#), and [ADS 308, Grants and Cooperative Agreements with Public International Organizations](#)) In field Missions, provide obligation documentation to the Mission Controller for entry into the accounting system;
- In USAID/W, deobligate excess balances at the request of the Obligation Manager and record deobligations (**or, in the case of interagency agreements and certain grants, ensure that deobligations are recorded**) in the procurement or accounting system. (See [ADS 202, Achieving](#); [ADS 306, Interagency Agreements](#); [ADS 308, Grants and Cooperative Agreements with Public International Organizations](#); and the internal mandatory reference, [Deobligation Guidebook](#)) In field Missions, provide authorization documents to the Mission Controller for entry into the accounting system;
- In field Missions and for awards obligated outside of the Bureau for Management, Office of Acquisition and Assistance (**M/OAA**) in USAID/W, ensure administrative closeout of awards and deobligation of any residual balances. (See [CIB 90-12, Guidance for Missions – Closing Out Contracts, Grants and Cooperative Agreements](#); [ADS 306, Interagency Agreements](#); [ADS 308, Grants and Cooperative Agreements with Public International Organizations \(PIOs\)](#), and the internal mandatory reference, [Deobligation Guidebook](#));

[Note: M/OAA is expanding ADS 308, Grants and Cooperative Agreements with PIOs, to cover detailed closeout procedures similar to the closeout procedures outlined in ADS 306, Interagency Agreements.]

- *Maintain the official file (i.e., keep the original documents) for obligating documents and supporting documentation;

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- In USAID/W, in coordination with Obligation Managers, ensure the availability of funds, use of the proper appropriation account, and the integrity of data recorded in the systems;
 - *In coordination with Obligation Managers and Mission Controllers, ensure that approvals to deviate from the forward funding policy are documented and maintained in the official file, along with the obligating documents. (See [ADS 602, Forward Funding of Program Funds](#), and [ADS 603, Forward Funding, Non-Program Funds](#));
 - In USAID/W, when making an award in NMS/A&A, designate a CTO by selecting a “CTO Name” from the pick-list in NMS/A&A, in consultation with the Bureau/Office (see the **internal mandatory reference, [Updating CTO Name and Managing Organization Information in Phoenix](#)**); and
 - * In USAID/W, ensure that CTO designations are current and accurate in NMS/A&A for their A&A awards by permanently and promptly assigning/reassigning CTO designation (see [AAPD 04-10, Standardized Model Letters for Designating the CTO for Contracts, Grants, and Cooperative Agreements](#)). In accordance with the AAPD, COs/AOs must issue a new CTO designation letter when necessary, but only for active awards.
- *h. Obligation Managers (CTOs, Activity Managers, Strategic Objective Team Leaders, EXOs, or others, including USPSCs and non-U.S. Citizen Employees) – (see the internal mandatory reference, [Delegation of Authority, Duty or Responsibility to USPSCs and Non-U.S. Citizen Employees](#))**
- Develop budgets and other documentation that serve as the basis for the obligation of Agency funds (see [ADS 202, Achieving](#));
 - In USAID/W, ensure, in coordination with the Administrative Management Services (**AMS**) or Executive Management Team (**EMT**) Office for OE funds and the Program Office for program funds, that obligations are consistent with Agency forward funding policies. Ensure, in coordination with the Obligating Official, that approvals to deviate from the forward funding policy are documented and maintained in the official file along with the obligating documents (see [ADS 602, Forward Funding of Program Funds](#), and [ADS 603, Forward Funding, Non-Program Funds](#));
 - In field Missions, ensure, in coordination with the Mission Controller for OE funds and the Program Office for program funds, that obligations are consistent with Agency forward funding policies and that approvals to deviate from the forward funding policy are documented and maintained in the official file, along with the

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obligating documents (see [ADS 602, Forward Funding of Program Funds](#), and [ADS 603, Forward Funding, Non-Program Funds](#));

- *In field Missions, continuously monitor unexpended obligated balances and request the Obligating Official to deobligate excess or unneeded funds. In USAID/W, continuously monitor unexpended obligated balances and request the Obligating Official to deobligate current-year excess or unneeded funds. In USAID/W, for prior-year funding in expired awards, ensure that, after final vouchers have been submitted or the period of time available for submission of final vouchers has expired, such awards are marked for closure in the quarterly Accrual Reporting System (ARS) (see [ADS 202, Achieving](#); [ADS 303, Grants and Cooperative Agreements to Non-Governmental Organizations](#); [CIB 90-12, Guidance for Missions – Closing Out Contracts, Grants and Cooperative Agreements](#); and the internal mandatory reference, [Deobligation Guidebook](#));
 - In field Missions, provide confirmation to the Controller that residual funds are available for deobligation (**Note: EXOs are usually the Obligation Managers for TAs**);
 - Develop [accruals](#) quarterly based on guidance from the Mission Controller or Bureau for Management, Office of Financial Management (M/FM) (see [ADS 631, Accrued Expenditures](#));
 - Administratively approve advances and payment vouchers (see [ADS 630, Payables Management](#));
 - In USAID/W, in coordination with the Program Office and Obligating Official, ensure the availability of funds, use of the proper appropriation account, and the integrity of data recorded in the systems; and
 - * Notify the Contracting/Agreement Officer (**CO/AO**) or other Obligating Official of a pending CTO reassignment and ensure that documentation associated with the obligation (**active or expired**) is transferred to the new Obligation Manager. (See the **internal mandatory reference**, [AAPD 04-10, Standardized Model Letters for Designating the CTO for Contracts, Grants, and Cooperative Agreements](#)) For expired awards, identify to the CO/AO or other Obligating Official the individual in the operating unit who will carry out CTO closeout responsibility. (**The CO/AO does not issue a new designation letter for expired awards.**)
- *i. Program Offices (USAID/W and Missions)**
- Monitor pipelines of program-funded obligations for compliance with forward funding policies (see [ADS 602, Forward Funding of Program Funds](#));

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- *In field Missions, ensure, in coordination with Obligation Managers, that approvals to deviate from the forward funding policy for program funds (see [ADS 602, Forward Funding of Program Funds](#)) are documented and maintained in the official file along with the obligating documents (see [621.3.8](#));
 - Monitor the status of deobligations using the deobligations report generated by the accounting system and coordinate the reprogramming of recoveries to the deobligating office within the Bureau or Mission;
 - *In USAID/W, coordinate at least an annual Bureau-wide review of all unexpended obligated balances (**also referred to as “the 1311 Review”**) for possible deobligation. This is normally done during the quarterly accruals process by moving the obligation to inactive status. In Missions, this is the Controller’s responsibility. (See [ADS 602, Forward Funding of Program Funds](#); [ADS 202, Achieving](#); and the **internal mandatory reference, [Deobligation Guidebook](#)**);
 - In field Missions, in coordination with the Mission Controller, ensure the use of the proper program appropriation account;
 - In field Missions, in coordination with the Mission Controller, monitor the crosswalk of projects to Strategic Objectives (SOs); and
 - *On all Phoenix commitment documents, provide the [Managing Organization](#) of the CTO and the appropriate CTO Name in Phoenix (See the **internal mandatory reference, [Updating CTO Name and Managing Organization Information in Phoenix](#)**).
- *j. In both the Mission EXO Office and USAID/W offices that manage only non-program funds (i.e., AMS or EMT Offices, Management Bureau Cost Centers, and Independent Offices), the Obligating Official**
- *Monitors pipelines of OE-funded obligations (**e.g., credit card orders, Miscellaneous Obligations (MOs), TAs, training orders**) for compliance with the Agency’s non-program forward funding policy (see [ADS 603, Forward Funding, Non-Program Funds](#) and the **internal mandatory reference, [Improving the Determination Process for Deobligating Unliquidated Balances in Prior Year Travel Authorizations \(USAID/W only\)](#)**);
 - *Performs at least an annual review of all unexpended obligated balances for possible deobligation (see [ADS 202, Achieving](#));

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- *Deobligates excess or unneeded OE funds obligated in the accounting system if within the scope of their authority (see [ADS 202, Achieving](#), and the **internal mandatory reference**, [Deobligation Guidebook](#)); and
 - *On all Phoenix commitment documents, provides the Managing Organization of the CTO and the appropriate CTO Name in Phoenix (see the **internal mandatory reference**, [Updating CTO Name and Managing Organization Information in Phoenix](#)).
- *k. Bureau Transition Coordinators (BTCs)**
- *Lead Bureau/Office monthly review of names and corresponding roles and organization symbols in the NMS Roles Report. (See the **internal mandatory reference**, [Updating CTO Name and Managing Organization Information in Phoenix](#)).
- *l. Accruals Reporting System (ARS) Coordinators**
- *Lead Bureau/Office-wide quarterly verification reviews of CTO Name and Managing Organization information for each award, including expired awards, in the ARS (See the **internal mandatory reference**, [Updating CTO Name and Managing Organization Information in Phoenix](#)).
- *m. M/OAA Solutions Center**
- *Provides the BTCs with a monthly NMS Roles report for their review and update, and ensures all changes regarding names, roles, and organization symbols are reflected in NMS/A&A; and
 - *Notifies the responsible CO/AO of any CTO Name and Managing Organization changes identified during quarterly verification reviews (see the **internal mandatory reference**, [Updating CTO Name and Managing Organization Information in Phoenix](#)).
- *n. Bureau for Management, Office of the Chief Financial Officer, Washington Financial Services Division (M/CFO/WFS)**
- *Serves as the accounting station for USAID/Washington;
 - *Manages the USAID accruals process and reporting;
 - *Assists Bureaus/Offices in the deobligation of funds by deobligating funds in prior-year TAs at their request. (See the **internal mandatory reference**, [Improving the Determination Process for Deobligating Unliquidated Balances in Prior Year Travel Authorizations](#));

- *Processes upward adjustments to obligations;
 - *Processes centrally-funded commitments and obligations;
 - *Records commitments and obligations for miscellaneous obligations and for payroll;
 - *Initiates AGENCY-WIDE quarterly verification reviews of CTO Name and Managing Organization information in the ARS (see the **internal mandatory reference**, [Updating CTO Name and Managing Organization Information in Phoenix](#)); and
 - *Withdraws all unobligated current-year amounts at the end of the fiscal year.
- *o. Bureau for Management, Office of the Chief Financial Officer, Central Accounting and Reports Division (M/CFO/CAR)**
- *Administers the financial control and reporting, at the appropriation and account level, of all foreign assistance funds appropriated for Agency program activities and operation expenses;
 - *Manages the Agency's automated on-line systems for administrative control of funds, as well as the Standard General Ledger and Accounts Receivable;
 - *Controls the Cash Journal, the pipeline information system, the Buy American Reporting System, and the foreign currency system;
 - *Consolidates the financial information from overseas accounting stations, performing summary accounting functions for the Agency, reconciling all cash accounts with the Department of Treasury, and providing reports to Treasury as required;
 - *For Missions using the MACS accounting system, determines the availability of prior-year funds for upward adjustment in some cases (see [621.3.10, Upward Adjustments of Obligations](#));
 - *For Missions and Bureaus/Offices using the Phoenix accounting system, determines the availability of prior-year funds for upward adjustment in **all** cases (see [621.3.10, Upward Adjustments of Obligation](#)); and
 - *Every quarter, compiles a "Recoveries" report and requests apportionment from OMB to make the funds available for reobligation (see the additional help, [Recap on Deobligations, Reobligations, and Upward Adjustments](#)).

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***p. Bureau for Management, Office of Administrative Services, Travel and Transportation Division (M/AS/TT)**

- *Assists Bureaus/Offices in the deobligation of funds by deobligating funds in current year TAs at their request.

***q. Bureau for Management, Office of Acquisition and Assistance, Cost, Audit and Support Division (M/OAA/CAS) for awards issued by M/OAA**

- Processes [contract](#)/award closeouts and ensures deobligation of residual balances; and
- *Sends requests to the CTO to ensure that all terms of the award were met prior to closeout (see the **internal mandatory reference**, [Deobligation Guidebook](#)).

***[Note: For closeout of awards made in the Missions and in USAID/W outside of M/OAA, see 621.2g, Obligating Officials.]**

***621.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES**

Effective Date: 08/04/2005

621.3.1 Financial Documentation Responsibilities

Effective Date: 06/09/2004

Financial documentation is any documentation that impacts on or results in financial activity. It is not limited to documentation within Controllers' or FM operations, but includes any source material causing or resulting in a financial transaction. CTOs, Loans/Grants Officers, SO teams, etc., are responsible for retaining financial documentation and ensuring its availability for audit.

Basic financial documentation retention rules follow:

- If an action will result in a financial transaction, it must be documented;
- Source documentation must be readily available for audit (by either the Office of Inspector General or a responsible audit entity);
- The general rule of thumb for retention of financial documents is seven years; however, retention times may vary, so please refer to retention by document type in [ADS 502](#), The USAID Records Management Program. The specific financial Records Disposition Schedules are located in the mandatory reference section of ADS 502, under Records Disposition Schedule, USAID/W, Chapter 15, Fiscal Management Records; and Records Disposition Schedule, USAID, Chapter 35, Financial Management Records. See also the National Archives and Records

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Administration (**NARA**) General Records Schedules (GRS) 6, Accountable Officers' Account Records; and GRS 7, Expenditure Accounting Records.

621.3.2 Valid Obligations

Effective Date: 06/22/2000

A valid obligation is

- a. Supported by written evidence;
- b. For a purpose authorized by law;
- c. Executed by an individual who is authorized to incur an obligation;
- d. Required to fill a bona fide need in the [period of availability](#) of the appropriation or fund used; and
- e. Executed during the period of availability of the funds. The validity of an obligation is determined at the time of its execution and is not affected by its currently assessed status as either expired or excessive.

As stated in 31 U.S.C. Section 1501(a), "An amount shall be recorded as an obligation of the United States Government only when supported by documentary evidence of:

- a. A binding agreement between the Agency and another person or entity (including an Agency) that is:
 - 1. In writing, in a way and form, and for a purpose authorized by law; and
 - 2. Executed before the end of the period of availability for obligation of the appropriation or fund used for specific goods to be delivered, real property to be bought or leased, or work or service to be provided;
- b. A loan agreement showing the amount and terms of repayment;
- c. An order required by law to be placed with an Agency;
- d. An order issued under a law authorizing purchases without advertising:
 - 1. When necessary because of public exigency;
 - 2. For perishable subsistence supplies; or
 - 3. Within specific monetary limits.

- e. A grant or subsidy payable:
 - 1. From appropriations made for payment of, or contributions to, amounts required to be paid in specific amounts fixed by law or under formulas prescribed by law;
 - 2. Under an agreement authorized by law; or
 - 3. Under plans approved consistent with and authorized by law;
- f. A liability that may result from pending litigation;
- g. Employment or services of persons or expenses of travel under the law;
- h. Services provided by public utilities; or
- i. Other legal liability of the Government against an available appropriation or fund.” (See [31 U.S.C. Sec. 1501\(a\)](#))

621.3.3 Commitment of Funds

Effective Date: 06/22/2000

Commitments or subcommitments must be established to set aside funds prior to obligation or subobligation. In USAID/W, designated staff must commit funds in the procurement or accounting system. The Controller or his/her designee must commit or subcommit funds for Mission obligations. (See [ADS 634.3.4, Commitment and Obligation of Funds](#))

***621.3.4 Types of Obligations and Documentary Evidence**

Effective Date: 08/04/2005

The most common types of obligations and subobligations, as well as the minimum documentation required to establish each as a valid obligation, are outlined below. One or more authorized individuals must sign the obligating document within the appropriation’s period of availability. This list is not intended to be all-inclusive. If there are questions as to whether a particular grant, cooperative agreement, contract, or interagency agreement should be recorded as an obligation, the official recording the obligation must consult with the CO/AO immediately. Once the CO/AO has signed the document, it is a valid obligation and needs to be recognized in the accounting system immediately to avoid a potential anti-deficiency violation. Questions regarding other obligating documents and the minimum documentation required to establish a valid obligation may be directed to the Office of the Chief Financial Officer.

- a. **Grants to Foreign Governments:** A grant by USAID to a foreign government may take the form of a strategic objective agreement (**SOAG**), Limited Scope Agreement, Commodity Import Program Grant, or Cash Transfer Grant. The minimum documentation required for

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establishing validity is the grant agreement. The grant agreement must be signed by both parties to be an obligation unless the major purposes, funding, and terms and conditions are settled. In this case, only a USAID signature is required. (See [ADS 350](#), **Grants to Foreign Governments**, for more information.)

- b. *Assistance Awards to Non-Governmental Organizations (NGOs):** Assistance to NGOs may be provided in the form of a grant or cooperative agreement. The minimum documentation required for establishing validity is the grant agreement or cooperative agreement. Only a USAID signature is required for an assistance award to be an obligation, unless there are major issues that are unresolved between USAID and the grantee, in which case both parties must sign the award. In other words, as long as the AO accepts the recipient's application without substantial modification, or obtains the applicant's agreement to any changes negotiated with the applicant, the grant letter may be considered an approval of the application, and the AO's signature is sufficient to obligate the funds. (See [ADS 303](#), **Grants and Cooperative Agreements**, and [AAPD 03-03](#), **Obligation of Funds for Assistance Agreements**, for more information on assistance awards to NGOs.)

- c. *Contracts:** A contract for the purchase of supplies or services may take the form of awards and notices of awards, job orders, or task letters issued under basic ordering agreements, letter contracts, fixed price contracts, cost-reimbursable contracts, purchase orders (**POs**), etc. For most contracts, the minimum documentation required for a valid obligation is the contract document, signed by both parties. However, there are cases where a valid contract may exist through a series of documents that together constitute the contract, when all documents taken together demonstrate a meeting of the minds through an offer and acceptance.

*For POs, a copy of the PO is the minimum documentation. POs are often signed only by the government and need not be signed by the contractor if the contractor is accepting the "offer" of the PO by performing. It may be necessary near the end of the fiscal year to get written acceptance if performance will not begin until after the end of the fiscal year. (See [ADS 302](#), **Direct Contracting**, for more information on contracts.)

- d. *Interagency Agreements:** Sec. 632 (a) Authority provides that USAID may execute non-expenditure transfers of funds to other Federal agencies to implement activities authorized by the Foreign Assistance Act. USAID does not report on the obligations against transfers; the reporting is done by the receiving agency. Sec. 632 (a) Authority also provides that USAID may execute allocations, which are transfers of obligation authority, to other Federal agencies. USAID must ensure that these obligations are

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reported to Treasury. In practice, USAID often arranges to have the receiving agency report directly to Treasury via Treasury's FACTS system. Sec. 632 (b) Authority provides that USAID may obligate funds via an agreement to reimburse another Federal agency for development work it does in fulfillment of its 623 (b) Agreement with USAID. USAID accounts for and reports on these agreements as it would on a contract.

An agreement with another Federal agency may be in the form of a Participating Agency Program Agreement (**PAPA**), Participating Agency Service Agreement (**PASA**), or Non-PAPA/PASA Interagency Agreement. The minimum documentation required for a valid obligation is the form **AID 306-1 (PAPA)** [Note: This document is only available on the intranet (<http://inside.usaid.gov/forms/a306-1.doc>). Please contact ads@usaid.gov if you need a copy.], form **AID 306-2 (PASA)** [Note: This document is only available on the intranet (<http://inside.usaid.gov/forms/a306-2.doc>). Please contact ads@usaid.gov if you need a copy.], or an interagency agreement signed by both parties. (See [ADS 306](#), **Interagency Agreements**, for more information.)

- e. **Procurement Authorization (PA):** USAID uses the PA to obligate ocean and inland freight. The minimum documentation for a valid obligation is the form **AID 1160-4, Procurement Authorization** [Note: This document is only available on the intranet (<http://inside.usaid.gov/forms/a1160-11.doc>). Please contact ads@usaid.gov if you need a copy.].
- f. ***Travel Authorizations/Orders (TAs):** USAID obligates official travel and transportation expenses for the movement of effects are obligated with form [AID 5-8](#), **Request and Authorization of Official Travel**. The minimum documentation required for a valid obligation is the AID 5-8. The amounts for per diem and transportation must appear as separate line items on the TA. (See [ADS 522](#), **Performance of Temporary Duty Travel in the U.S. and Abroad**, and [ADS 633](#), **Financial Management Aspects of Temporary Duty Travel**, for more information.)
- g. **Training Orders:** Employee training through an external vendor is authorized on [Standard Form \(SF\) 182](#), **Request, Authorization, Agreement, and Certification of Training**. The minimum documentation required for a valid obligation is the SF-182.
- h. **U.S. Government Bill of Lading:** USAID uses the bill of lading to obligate funds for the shipment of things (**except the shipment of employee household effects or privately owned automobile, for which the TA is the obligating document**). The minimum documentation required for a valid obligation is the form **SF-1103, U.S. Government Bill of Lading**.

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- i. **Credit Card Orders:** USAID obligates purchases on the Government Purchase Authorization Card on the form [AID 530-3](#), **Credit Card Purchases Transaction Form**. The minimum documentation required for a valid obligation is the AID 530-3. (See [ADS 331](#), **Simplified Acquisitions, Micro-Purchases, and Use of the USAID Worldwide Purchase Card**, for more information on credit card purchases.)
- j. **Building Support Services:** USAID obligates funds for building services provided by the General Services Administration (**GSA**) on a [GSA Form 2957](#), **Reimbursable Work Authorization**. The minimum documentation required to establish validity is the GSA Form 2957. (See [ADS 519](#), **Building Support Services**, for more information.)
- k. ***Foreign Transfer Allowance (FTA) and Home Service Transfer Allowance (HSTA):**
 - **FTA:** USAID uses the [SF-1190, Foreign Allowances Application, Grant and Report](#), to obligate this allowance. If the employee is requesting an advance prior to leaving post, then an **AID Form 621-1, Application for Advance of Allowances** [Note: This document is only available on the intranet (<http://inside.usaid.gov/forms/a621.doc>). Please contact ads@usaid.gov if you need a copy.], and the **TA** are required in addition to the SF-1190. (See the **internal mandatory reference, Foreign Transfer Allowance (FTA) and Home Service Transfer Allowance (HSTA) Obligations**)
 - ***HSTA:** USAID also uses the [SF-1190, Foreign Allowances Application, Grant and Report](#), to obligate this allowance. An **AID Form 621-1, Application for Advance of Allowances** [Note: This document is only available on the intranet (<http://inside.usaid.gov/forms/a621.doc>). Please contact ads@usaid.gov if you need a copy.], and the **TA** are required in addition to the SF-1190. (See the **internal mandatory reference, Foreign Transfer Allowance (FTA) and Home Service Transfer Allowance (HSTA) Obligations**)
- l. ***Miscellaneous Obligation:** A miscellaneous obligation (MO) occurs when USAID acquires goods and services of a recurring or continuing nature, such as communication services, public utilities, rent, or procures goods and services primarily on an over-the-counter cash basis. It also occurs for costs, such as interest penalty payments, taxis, dispatch agent obligations, interpreter services, training services from another government agency, or for other unanticipated needs. Most MOs are incurred through written binding agreements, such as International Cooperative Administrative Support Services (**ICASS**) interagency agreements, lease agreements, or a Utility Company Form authorizing that electrical services be provided for a

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residence for an indefinite time period until cancellation. Some MOs are incurred by USAID with no formal written agreement. These situations normally occur in an overseas environment where vendors require a cash payment and timing is of the essence or issuance of a purchase order is not beneficial. They usually are characterized by a high volume of minimum value transactions for maintenance goods or services acquired by the EXO in support of residential, vehicular, and office operations.

*In the Missions, a journal voucher is normally used to record obligations of a recurring or continuing nature. To the extent practicable, the journal voucher will reference or be supported by other documentation, such as the primary written agreement or other projections of cost to be incurred. The journal voucher should be cleared by an authorized official as defined under section [621.3.2g](#). In USAID/W, MOs for communication services must be supported by an agreement signed by a warranted Contracting Officer and the vendor.

621.3.5 Authority to Incur Obligations

Effective Date: 06/22/2000

Only individuals who have delegated authority may incur obligations on behalf of the Agency. Obligations incurred by unauthorized individuals may result in personal liability. The delegations of authority to obligate USAID funds are provided in the Automated Directives System (**ADS**), USAID Acquisition Regulations (**AIDAR**), Mission Orders, position descriptions, Phoenix Roles Reports, and other sources of authorities. (See [ADS 103, Delegations of Authority](#) and the **internal mandatory reference, [Delegation of Authority, Duty or Responsibility to USPSCs and Non-U.S. Citizen Employees](#)**)

***621.3.6 Recording Obligations**

Effective Date: 08/04/2005

*Obligations are recorded when the federal government places an order for an item or service, awards a contract, or enters into similar transactions that will require payments in the same or a future period. Once the required documentary evidence is complete as outlined in [621.3.2, Valid Obligations](#), and [621.3.4, Types of Obligations and Documentary Evidence](#), the Obligor Official (**or obligation recorder for interagency agreements and certain grants**) or the Mission Controller must promptly record obligations in the procurement or accounting system.

***621.3.7 Estimated Obligations**

Effective Date: 08/04/2005

*The precise amount of the government's liability should be recorded as the obligation where that amount is known. However, where the precise amount is not known at the time the obligation is incurred, the obligation should be recorded on the basis of the agency's best estimate. Where an estimate is used, the basis for the estimate must be

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shown on the obligating document. As more precise data on the liability becomes available, the obligation must be periodically adjusted.

621.3.8 Forward Funding

Effective Date: 06/22/2000

Obligations must be consistent with Agency forward funding guidelines as outlined in [ADS 602, Forward Funding of Program Funds](#), and [ADS 603, Forward Funding Policy, Non-Program Funds](#). In USAID/W, Obligor Officials, in coordination with Obligor Managers, must ensure that approvals to deviate from the forward funding policy are documented and maintained in the official file along with the obligating documents. In field Missions, in coordination with Obligor Managers, this is the Mission Controller's responsibility for OE funds and the Program Office's responsibility for program funds.

***621.3.9 Deobligation and Reobligation**

Effective Date: 08/04/2005

*Obligated funds must be deobligated when a determination is made that the funds are no longer needed for the purposes for which they were obligated. If the funding exceeds forward funding guidelines without proper authorization, the Obligor Official, in coordination with the Obligor Manager, must ensure that the next incremental funding tranche is adjusted so that compliance with the forward funding guidelines is achieved.

*When deobligating residual fund balances in TAs, PSCs, POs, and MOs, the Mission Controller (**or his/her designee**) or properly designated USAID/W staff in M/AS/TT or M/CFO/WFS (**referred to as the "designated staff" in this section**) may deobligate residual funds without a formal deobligation action by the Obligor Official, provided that, before doing so, he/she takes the following steps:

- For TAs: In the Missions, if the traveler has submitted a travel voucher or if a balance remains on the TA for six months or more (**see [621.3.13c, Circumstances that May Result in Excess Funding](#)**), the designated staff must document that sufficient supporting evidence is in the file before deobligating residual funds. In USAID/W, M/AS/TT and M/CFO/WFS will deobligate residual funds in current-year and prior-year TAs, respectively, after review and concurrence by the Bureau/Office. (See the **internal mandatory reference, [Improving the Determination Process for Deobligating Unliquidated Balances in Prior-Year Travel Authorizations](#)**)
- For PSCs, POs, and MOs: If the designated staff has sufficient evidence on hand (**e.g., final voucher from PO vendor, the PSC's final salary and travel expense voucher, memo from the M/OAA/CAS Administrative Closeout Official, request from the Bureau/Office, etc.**) to document that the remaining funds are no longer needed for the obligation, then he/she must obtain clearance from the responsible CO or his/her designee before deobligating the residual funds. In Missions, the

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Mission Controller and the EXO may agree that the EXO does not need to clear on deobligation requests for residual funds in POs, PSCs, and MOs issued by the EXO (**who is the CO for these obligations**). See the additional help, [FAQs on Monitoring Obligations](#)

[NOTE: POs and PSCs, whether issued by the EXO or by the Mission or Regional Contracting Officer (RCO), are still subject to the closeout procedures in CIB 90-12 or subsequent policy directive updating Mission closeout procedures. However, partial or total deobligation of excess/residual funds may be performed separately and ahead of the closeout procedures. Thus, closeout procedures are not subject to a materiality threshold and are required by the issuing office before closing/retiring the instrument file, even in cases where there are no residual balances.]

*The Obligor Official is not required to issue a modification when the designated staff deobligates residual funds. In the Missions, the designated staff is responsible for maintaining all documentation supporting the deobligation, including the Obligor Official's clearance. In USAID/W, the designated staff is responsible for maintaining the deobligation request memo from the M/OAA/CAS Administrative Closeout Official or Bureau/Office. (See the **internal mandatory reference**, [Deobligation Guidebook](#), Section IV, paragraph I, for roles and responsibilities in the deobligation process.)

*It is critical to review the status of an obligation for outstanding advances and unpaid vouchers in the accounting system to determine what funds are available for deobligation. A proper and unliquidated obligation should not be deobligated unless there is some valid reason for doing so, e.g., cancellation of a trip, vendor's failure to perform (**out of stock item**), over-estimation of shipping costs, etc. Absent a valid reason, it is improper to deobligate funds solely to "**free them up**" for new obligations. To do so risks violating the Antideficiency Act. For example, if a government check issued in payment of some valid obligation cannot be promptly negotiated, (**if, for example, it is returned as undeliverable**), it is improper to deobligate the funds and use them for new obligations. An Antideficiency Act violation would occur if the payee of the original check subsequently shows up and demands payment but the funds are no longer available because they have been reobligated and the account contains insufficient funds. (See **GAO Principles of Federal Appropriations Law, Chapter 7, Obligation of Appropriations, pages 7-52**; and [ADS 634, Administrative Control of Funds](#))

[Section 511](#) of USAID's [appropriations act](#) for FY 2002 contains a provision that funds appropriated for the purposes identified in Section 511 remain available for an additional four years from the date on which the availability of such funds would otherwise have expired, if such funds are initially obligated before the expiration of their respective periods of availability. **[This language is a deviation from prior Section 511 and/or Section 517 language that converted obligated balances from annual or multi-year into "NoYear" or "X" appropriations to designate the funds as "available until expended."]**

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*In other words, funds appropriated by the FY 2002 Appropriations Act, if obligated within their initial period of availability, will be available for four additional years of reobligation (**for new obligations**), that is, they will be moved into appropriations with an appropriation designation that is four years longer than the original designation. For example, 2002/2003 funds would become 2002/2007 funds. The funds under these new appropriation symbols will be subject to “**M Account**” legislation and can therefore be disbursed for five years after expiration of the extended period of availability for obligation. For example, 2002/2007 funds can be disbursed until 2012. The **unobligated** 2002/2003 funds will be retained in the original appropriation and will remain available for valid upward adjustments only (**i.e., not new obligations**) for an additional five fiscal years beyond the initial period of availability, that is, until 2008.

***Note: All funds from FY 2001 appropriations and prior, including multi-year 2001/2002 appropriations, will continue to be subject to the “X” conversions at fiscal year-end.**

*Funds deobligated after the initial period of availability for obligation are subject to Section 511 procedures, unless the deobligation is related to a subobligation under a SOAG, in which case, the funds go back to the SOAG. Section 511 availabilities must be apportioned and follow the normal funds control process prior to reobligation. The Section 511 authority must be renewed annually unless otherwise specified in the appropriations act. (See the **internal mandatory references**, [Deobligation Guidebook](#); [Reobligation Policy](#); and the additional help, [Overview of USAID Appropriations and Special Authorities](#); [Recap on Deobligations, Reobligations, and Upward Adjustments](#))

The Agency’s accounting system, Phoenix, processes deobligations based on the funding source and year as follows (See the additional help, **NMS Deobligation Processing. Please note that this is only available to those individuals with access to the USAID intranet – the address is inside.usaid.gov/nms/np082597.htm**):

- If the deobligation is current-year availability, the funds are returned to the Program Office's funding source. The interface simultaneously generates a decommitment in Phoenix. A separate decommitment is not necessary.
- If the deobligation is related to a SOAG, the funds go back to the SOAG.
- If the deobligation is prior-year unilateral, the funding is recorded as a recovery and is put back at the appropriation level. No decommitment is generated, because the commitment has already expired.

*After program funds have been deobligated, apportioned by OMB, and made available in the accounting system for reprogramming, PPC/RA will return 50 percent of each Bureau’s remaining current year recoveries, after taking out amounts necessary to fund

upward adjustments. However, fund accounts that are designated for specific Bureaus (i.e., Assistance for Eastern Europe and the Baltics (**AEEB**), FREEDOM Support Act (**FSA**), Office of Transition Initiatives (**OTI**), International Disaster and Famine Assistance (**IDA**), Development Credit Authority (**DCA**), etc.) will be returned in full to the originating Bureau. **[Additional guidance will be issued later, based on the outcome of the Business Transformation Executive Committee (BTEC's) assessment of the procedures for deobligating and reobligating field support funds.]** In addition, earmarked funds will be returned in full to the Bureau. Operating Expense (**OE**) Funds are not available for return to recovering offices since projected recoveries of prior year balances are incorporated into the Operating Year Budget (**OYB**) levels. (See the **internal mandatory reference**, [Reobligation Policy](#))

***621.3.10 Upward Adjustments of Obligations**

Effective Date: 08/04/2005

*There are basically two types of upward adjustments – those made to obligations that arise in the current year, and those made to obligations that arose in a prior year. Different funding sources are used for these two different types:

a. Current-Year Obligations

An upward adjustment to a current-year obligation may be made to provide funding for additional goods and services. However, it can only be made from current-year allotments.

An upward adjustment to a current-year obligation is authorized to the extent that:

- (1) The obligation was incurred in the current year;
- (2) There is a lawful need for the increase;
- (3) Funds for the purpose are available; and
- (4) Appropriate approval has been received.

*An upward adjustment may or may not require an amendment to the original obligating document. Obligations, such as TAs and POs for freight, are recorded on the basis of an estimate. As more precise data becomes available, the obligation may be adjusted without amending the original obligating document unless there has been a change in the scope (**e.g., additional travel days, additional stops, etc.**). The Obligating Official must be consulted regarding the need for an amendment if the initial obligation was not recorded on the basis of an estimate. In some cases, such as with balances from TAs or POs (**in field Missions**), the Mission Controller may delegate authority to upward adjust funds to other individuals.

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b. *Prior-Year Obligations

*An upward adjustment to a prior-year obligation may be made in order to provide additional funding to pay for goods and services that were ordered in the prior year. Such additional funding may not be used to provide additional goods and services. For example, a contract may obligate an amount for overhead costs that later increases because of a change in overhead rates, not because additional goods and services were provided. Another example would be instances when the original obligation was recorded on the basis of an estimate, such as with travel, or when the increased cost would have constituted a valid obligation if it had been known during the fiscal year in which the original obligation was incurred.

Cost increases for goods or services under a SOAG may not be treated as an upward adjustment to a prior-year obligation, since the total amount set forth in the SOAG is the maximum monetary contribution the United States is obligated to make. Additional funding for services or materials required to complete the activities must be provided for in current-year funds.

*Funding for upward adjustments to prior-year obligations may be made from current-year allotments, but this is not usually done. More commonly, funding is provided from downward adjustments of prior-year obligations in the same prior-year allotment account, or from funds in prior-year expired appropriations. Appropriated amounts that were not obligated during the initial period of availability specified in the annual appropriations act are commonly referred to as “[expired accounts](#)” and they remain available for an additional five fiscal years beyond expiration for upward adjustments to prior-year obligations and for disbursement. M/CFO/CAR withdraws all unobligated current-year amounts at the end of each fiscal year.

*For Missions using the Mission Accounting & Control System (**MACS**), when sufficient deobligations have been recorded in the same budget allowance in the same month in which a valid upward adjustment must be recorded, Mission Controllers are authorized to use such funds for upward adjustments to prior-year obligations. Missions must consult the Bureau for Management, Office of Financial Management, Central Accounting and Reports Division (**M/CFO/CAR**) in all other cases to determine the availability of prior-year unobligated funds for upward adjustments.

*Until July 2005, Missions and Bureaus/Offices using the Phoenix accounting system must, in all cases, seek funding for an upward adjustment from M/CFO/CAR. After July 2005, the Phoenix system should work like MACS, as described above.

(See the additional help, [Recap on Deobligations, Reobligations, and Upward Adjustments](#), and [FAQs on Monitoring Obligations](#))

621.3.11 Operating Under a Continuing Resolution

Effective Date: 06/22/2000

The purpose of a [Continuing Resolution \(CR\)](#) is to allow for the continued operation of the Agency at the beginning of a new fiscal year until a new appropriation is passed by Congress and becomes law. The CFO will provide specific guidance on the obligation of funds during a CR.

***621.3.12 Review of Unexpended Obligated Balances (also referred to as Section 1311 Review)**

Effective Date: 08/04/2005

Unexpended obligated balances must be monitored to ensure that the level of funding is consistent with Agency forward funding guidelines and that balances are deobligated when no longer needed for the purposes for which they were initially obligated. A careful review of unexpended obligated balances strengthens the Agency's internal controls by deleting from the accounting system balances that are no longer required for future payments and helps to identify funds that can be reprogrammed for current requirements. In addition, the review supports the Agency's formal year-end certification to the Department of Treasury.

Obligation Managers must continuously review the status of obligated funds and request deobligations when a determination is made that the funds are no longer needed to accomplish activity objectives and the amount to be recovered exceeds a threshold figure of \$100,000, or the funding exceeds forward funding guidelines without proper authorization. The CO/AO must record deobligations in the procurement system and the Obligor Official or individuals with delegated responsibility must record deobligations in the USAID/W accounting system. Mission Controllers generally record deobligations in the Mission accounting system.

Program and AMS or EMT Offices in USAID/W and Mission Controllers must coordinate an annual review of unexpended obligated balances to verify that excess and unneeded balances have been identified and deobligated. This can be done on a quarterly basis, in conjunction with accruals of expenditures. (See [ADS 631](#), **Accrued Expenditures**)

621.3.13 Circumstances That May Result in Excess Funding

Effective Date: 06/22/2000

In conducting reviews of unexpended obligated balances to identify funds that must be deobligated, Obligor Managers and others involved in the review process must consider the following circumstances, which could result in excess or unneeded obligation balances:

- a. Situations where the activity budget exceeds what is necessary to meet activity objectives, for example:

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- (1) When the originally planned activity has been or can be accomplished with less than the funds budgeted; the activity has been reduced in scope (**modified, amended, restructured, terminated**); the focus has changed; or the activity has been transferred to another activity and will not be carried out as planned; or
 - (2) When significant fund balances will remain at the completion date due to slow or non-implementation of activities and extending the date may be unjustified, considering other priorities and the marginal benefits expected from continuing the activity.
- b. Situations involving troubled and marginally progressing activities where
- (1) The activity has gone off course and is no longer effective or is not meeting objectives;
 - (2) The activity has had serious longstanding (**two years or more**) implementation problems;
 - (3) Activity implementation progress is deemed to be excessively slow;
 - (4) Delays in implementation preclude achievement of the activity purpose;
 - (5) There have been extended delays in accomplishing initial implementation actions, such as meeting conditions precedent or inability to reach agreement on final design of the activity;
 - (6) The activity is seriously under-achieving critical outputs such that the attainment of activity objectives appears unlikely;
 - (7) There has been an unfavorable change in the activity purpose assumptions;
 - (8) Mistaken environmental assumptions for the activity result in marginal progress or effectiveness;
 - (9) The cooperating country has failed to use the funds and provide required management attention to the activity;
 - (10) Demand for activity funds did not materialize to the degree and over the time frame envisioned in the activity agreement (**especially applicable to private enterprise-type activities**);
 - (11) The activity is deemed unlikely to be sustained by the host country upon completion;

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(12) The activity cannot be completed on time because of uncontrollable circumstances, such as continuing hostilities in the activity area; or

(13) The activity no longer conforms to Agency policies and goals or country and sector strategy, and redesign of the activity proves unsuccessful or not worth the effort.

c. The following situations may also reflect that remaining balances are no longer needed:

(1) There is an unliquidated balance that has remained unchanged for 12 months or more and no evidence of receipt of services/goods during that same 12-month period;

(2) A TA was issued six months or earlier and a balance remains;

(3) A private training vendor has not provided a bill within six months of training dates;

(4) Funds remain on an MO for more than 12 months after the planned completion date; or

(5) The final travel voucher for home service transfer allowances has been submitted and paid.

621.3.14 Annual Certification of Validity of Obligations

Effective Date: 01/16/2003

Assistant Administrators (**AAs**), Management Bureau Office Directors (**with Obligor Officials in the office**), Independent Office Directors (**with Obligor Officials in the office**), and Mission Controllers must ensure that obligator documents meet the criteria for valid obligations. These individuals must provide an annual certification to the CFO regarding the obligations incurred during the fiscal year. The certification must state the following:

"I certify that all (Bureau, Office, or Mission) obligations incurred during the fiscal year are

(1) Consistent with the requirements of ADS 621.3.2 and 31 U.S.C. 1501(a);

(2) Have been recorded in the Agency accounting or procurement system; and

(3) Are supported by adequate records maintained in accordance with Agency guidelines for record retention."

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In the event that an obligation does not meet these requirements, the certification must read as follows:

“I certify that, with the exception of the obligations noted in the attachment, (Bureau, Office, or Mission) obligations incurred during the fiscal year are

(1) Consistent with the requirements of ADS 621.3.2 and 31 U.S.C. 1501(a);

(2) Have been recorded in the Agency accounting or procurement system; and

(3) Are supported by adequate records maintained in accordance with Agency guidelines for record retention.”

The attachment should provide a list of the obligations that do not meet the requirements and an explanation. For any unrecorded obligations, the listing must include the obligation number, date signed, fund account and allowance, amount obligated, and the reason it was not recorded in the procurement or accounting system.

AAs must certify only those funds obligated in USAID/Washington, since Mission Controllers certify Mission obligations. In addition, AAs certify only those funds obligated in their Bureau (**e.g., not M/OAA or travel obligations**).

The certification must be addressed (**not sent**) to the CFO and sent to M/MPI by the most efficient means for the sender (**scanned signed copy attached to an e-mail, fax, or hard copy**). The due date for the certification is established by the CFO on an annual basis, but is generally during the month of October. This deadline must be met in order to allow for completion of final auditable financial statements for the fiscal year.

***621.3.15 Annual Certification of Unexpended Obligated Balances**

Effective Date: 08/04/2005

*CTOs or other Obligation Managers must annually review all unexpended obligated balances. In reviewing these balances for potential deobligation, they must consider the circumstances that may result in excess funding (**ADS 621.3.13**) and comply with the procedures outlined in [ADS 602.3.7](#), Program Management.

AAs, Independent Office Directors, and Mission Directors must certify annually whether unexpended obligated balances are necessary for both on-going and expired programs and whether the amount of funding is consistent with Agency policies on forward funding in [ADS 602](#), **Forward Funding of Program Funds**, and [ADS 603](#), **Forward Funding, Non-Program Funds**. The certification must be in one of the following forms, whichever is applicable:

a. **“I have directed a review of unexpended obligated balances and hereby certify that the balances are needed in the activities for which they**

* An asterisk indicates that the adjacent material is new or substantively revised.

were obligated and that the amount of funding is consistent with Agency guidelines for forward funding.”

b. “I have directed a review of unexpended obligated balances and identified funds that are either no longer needed in the activities for which they were obligated or are inconsistent with Agency policies on forward funding. I hereby certify that steps have been taken to deobligate unneeded funds and that the annual budget request takes into consideration excess funding currently obligated so as to bring funding levels back into compliance with forward funding policies.”

The certification must be addressed (**not sent**) to the CFO and sent to M/MPI by the most efficient means for the sender (**scanned signed copy attached to an e-mail, fax, or hard copy**). The due date for the certification is established by the CFO on an annual basis, but is generally during the month of October. This deadline must be met in order to allow for completion of final auditable financial statements for the fiscal year.

*Obligation and pipeline reports are available in Phoenix and the Crystal Enterprise reporting tool. The following reports are particularly useful for this exercise:

- Crystal Report #R0203 (**Unliquidated Unilateral and Subobligation Detail Report**),
- Phoenix Report #R0201 (**Obligation by Fiscal Year**)

*To access the new Crystal Enterprise, use Internet Explorer and go to **<http://crystalenterprise.usaid.gov>** [Note: This document is only available on the intranet (<http://crystalenterprise.usaid.gov/>). Please contact **ads@usaid.gov** if you need a copy.]. There are short descriptions of each of the Crystal reports, and/or Quick Reference Guides for each report, within the Phoenix Reports folder on the Crystal Enterprise webpage. If you encounter any problems, please contact the IRM Help Desk at **IRM-HelpDesk-USAID@usaid.gov**. If you have suggestions for report improvements, please send an e-mail to **PhoenixReports@usaid.gov**.

621.3.16 External Reporting Requirements

Effective Date: 06/22/2000

The CFO must certify that obligation balances reflect proper existing obligations and that expenditures were supported by a proper obligation of funds and meet the criteria of 31 U.S.C 1501(A). This certification states the following:

“Pursuant to authority vested in me, I transmitted to the Financial Management Service of the Department of Treasury, by electronic means, my certification that the obligation balances in each appropriation account of the agency reflect proper existing obligations and that expenditures from the account since the preceding review were supported by a proper

obligation of funds and otherwise meet the criteria of 31 U.S.C. 1501(A). In doing so I submit my electronic certification.”

The certification must accompany the electronic submission of the TFS 2108, Year-End Closing Statement, which breaks out the unpaid obligations by undelivered orders and accounts payable, reflecting pipeline on both an accrued basis and a cash basis. The due date for the certification is established by the Department of Treasury on an annual basis, but is generally during the month of November.

***621.4 MANDATORY REFERENCES**

Effective Date: 08/04/2005

621.4.1 External Mandatory References

Effective Date: 08/04/2005

- a. [GAO Principles of Federal Appropriations Law: Volume II, Chapter 7, Obligation of Appropriations](#)
- b. [OMB Circular A-11, Preparation, Submission, and Execution of the Budget, Part 1, General Information](#)
- c. [Treasury Financial Manual, Volume 1, Part 2, Chapter 4200, Agency Reports on Unexpended Balances of Appropriations and Funds \(FMS Form 2108: Yearend Closing Statement\)](#)
- d. [31 U.S. Code \(U.S.C.\) 1108 – Preparation and Submission of Appropriations Requests to the President](#)
- e. [31 U.S.C. 1301 - Application](#)
- f. [31 U.S.C. 1341 - Limitations on Expending and Obligating Amounts](#)
- g. [31 U.S.C. 1501\(a\) – Documentary Evidence Requirement for Government Obligations](#)
- h. [31 U.S.C.1502 – Balances Available](#)
- i. [31 U.S.C. 1552 – Procedures for Appropriation Accounts Available for Definite Periods](#)
- j. [31 U.S.C. 1554 – Audit, Control and Reporting](#)

***621.4.2 Internal Mandatory References**

Effective Date: 08/04/2005

- a. [ADS 103, Delegations of Authority](#)

* An asterisk indicates that the adjacent material is new or substantively revised.

- b. [ADS 302, Direct Contracting](#)
- c. [ADS 303, Grants and Cooperative Agreements](#)
- d. [ADS 306, Interagency Agreements](#)
- e. [ADS 331, Simplified Acquisitions, Micro-Purchases, and Use of the USAID Worldwide Purchase Card](#)
- f. [ADS 350, Grants to Foreign Governments](#)
- g. [ADS 502, The USAID Records Management Program, Mandatory References: the Records Disposition Schedules Appendix 6A, Chapter 15; Appendix 6B, Chapter 35 and the General Records Schedule](#)
- h. [ADS 519, Building Support Services](#)
- i. [ADS 522, Performance of Temporary Duty Travel in the U.S. and Abroad](#)
- j. [ADS 601, Funding Source Policy](#)
- k. [ADS 602, Forward Funding of Program Funds](#)
- l. [ADS 603, Forward Funding, Non-Program Funds](#)
- m. [ADS 631, Accrued Expenditures](#)
- n. [ADS 633, Financial Management Aspects of Temporary Duty Travel](#)
- o. [ADS 634, Administrative Control of Funds](#)
- *p. [AAPD 03-03, Obligation of Funds for Assistance Agreements](#)
- *q. [AAPD 04-10, Standardized Model Letters for Designating the CTO for Contracts, Grants, and Cooperative Agreements](#)
- r. [CIB 90-12 – Guidance for Missions -- Closing Out Contracts, Grants and Cooperative Agreements](#)
- *s. [Deobligation Guidebook](#)
- *t. [Delegation of Authority, Duty, or Responsibility to USPSCs and Non-U.S. Citizen Employees](#)

* An asterisk indicates that the adjacent material is new or substantively revised.

- u. [Foreign Transfer Allowance \(FTA\) and Home Service Transfer Allowance \(HSTA\) Obligations](#)
- *v. [Guidebook for Managers and Cognizant Technical Officers on Acquisition and Assistance](#)
- *w. [Reobligation Policy](#)
- *x. [Updating CTO Name and Managing Organization Information in Phoenix](#)
- *y. [Improving the Determination Process for Deobligating Unliquidated Balances in Prior Year Travel Authorizations](#)

***621.4.3 Mandatory Forms**
Effective Date: 08/04/2005

- a. [Form AID 5-8, Request and Authorization of Official Travel](#)
- b. **Form AID 306-1, PAPA** [Note: This document is only available on the intranet (<http://inside.usaid.gov/forms/a306-1.doc>). Please contact ads@usaid.gov if you need a copy.]
- c. **Form AID 306-2, PASA** [Note: This document is only available on the intranet (<http://inside.usaid.gov/forms/a306-2.doc>). Please contact ads@usaid.gov if you need a copy.]
- d. [Form AID 530-3, Credit Card Purchases Transaction Form](#)
- e. [Form AID 621-1, Application for Advance of Allowances](#)
- f. **Form AID 1160-4, Procurement Authorization** [Note: This document is only available on the intranet (<http://inside.usaid.gov/forms/a1160-11.doc>). Please contact ads@usaid.gov if you need a copy.]
- g. [GSA Form 2957, Reimbursable Work Authorization](#)
- h. [SF-182, Request, Authorization, Agreement and Certification of Training](#)
- *i. [SF-1034, Public Voucher for Purchases and Services Other than Personal](#)
- j. **SF-1103, U.S. Government Bill of Lading**
[Note: GSA states "This is an Accountable Form which cannot be placed on the website. It can be ordered by calling Federal Supply customer assistance (817) 978-2051."]
- k. [SF-1190, Foreign Allowances Application, Grant and Report](#)

* An asterisk indicates that the adjacent material is new or substantively revised.

***621.5 ADDITIONAL HELP**
Effective Date: 08/04/2005

- *a. [FAQs on Monitoring Obligations](#)**
- *b. [Recap on Deobligations, Reobligations, and Upward Adjustments](#)**
- *c. NMS Deobligation Processing** [Note: This document is only available on the intranet (<http://inside.usaid.gov/nms/np082597.htm>). Please contact ads@usaid.gov if you need a copy.]
- *d. [Overview of USAID Appropriations and Special Authorities](#)**

621.5.1 Optional Forms

***621.6 DEFINITIONS**
Effective Date: 08/04/2005

The terms and definitions listed below have been incorporated into the ADS Glossary. See the [ADS Glossary](#) for all ADS terms and definitions.

***AA Obligation Recorder**

The individual in a Bureau/Office designated to record the obligation in A&A on behalf of a Bureau/Office Assistant Administrator or Deputy Assistant Administrator. (Chapter 621)

***accruals**

The estimated cost of goods or services or other performance received but not yet paid for by the Agency. Accruals are calculated for specific agreements and help provide current information on the financial status of an activity (or group of activities), agreement, or program. In the case of construction, they may be based on percent completed. (Chapters 200-203, 621, 631)

Activity Manager

Member of a Strategic Objective (**SO**) Team or sub-team who is responsible for the day-to-day management of one or more specific activities. The Activity Manager is selected by the SO Team, and may or may not also have the delegated authorities of a Cognizant Technical Officer (**CTO**), whose authority to carry out contract management functions is designated by a Contracting/Agreement Officer. (See "Cognizant Technical Officer (**CTO**)" (Chapters 200-203, 303, 306, 591, 592, 621)

appropriation

A form of budget authority provided by law that permits Federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. (Source: JFMIP) (Chapters 621, 634)

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appropriations act

A statute, under the jurisdiction of the House and Senate Committees on Appropriations, that generally provides legal authority for Federal agencies to incur obligations and make payments out of the Treasury for specified purposes. (Chapter 621)

***budget authority**

The authority provided by law to enter into obligations for specified purposes that will result in immediate or future outlays of Federal Government funds. The basic forms of budget authority are appropriations, authority to borrow, contracting authority, and spending authority of offsetting collections. (Source: JFMIP) (Chapter 621)

Cognizant Technical Officer (CTO)

The individual who performs functions that are designated by the Contracting or Agreement Officer, or is specifically designated by policy or regulation as part of contract or assistance administration. In other parts of the U.S. Government, the synonymous term is usually Contracting Officer's Technical Representative (COTR). (See "Activity Manager" and ADS Series 300) (Chapters 200-203, 306, 621, 631)

commitment

An administrative reservation of funds in anticipation of their obligation. (Chapter 621)

***Continuing Resolution (CR)**

Enacted legislation that provides budget authority for Federal agencies or specific activities to continue in operation when action on appropriations is not completed by the beginning of a fiscal year. The continuing resolution usually specifies a maximum rate at which the obligations may be incurred, based on levels specified in the resolutions, e.g., not exceeding the current rate, the lower of amounts provided in the House-passed or Senate-passed appropriation bills, etc. If enacted for the entire fiscal year, it will usually specify amounts provided for each appropriation account. (Source: JFMIP) (Chapters 603, 621, 634)

contract

A mutually binding legal instrument in which the principal purpose is the acquisition, by purchase, lease, or barter, of property or services for the direct benefit or use of the Federal government, or in the case of a host country contract, the host government agency that is a principal, signatory party to the instrument. (Chapters 302, 304, 305, 621)

deobligation

The process of removing unneeded funds from an obligating instrument. This step is typically done upon completion of activities when unliquidated obligations might have become excessive or might no longer be needed for the original purpose. Deobligations are also referred to as the cancellation or downward adjustment of a previously recorded obligation. (Chapters 200-203, 621, 635)

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disbursements

Payments made using cash, check, or electronic transfers. Disbursements include advances to others as well as payments for goods and services received and other types of payments made. (Source: JFMIP) Note: The Agency often uses the term “disbursements” to mean only “payments that liquidate obligations,” which actually is the definition for “outlays.” (Chapters 200-203, 621, 631)

***employee**

A direct-hire employee of USAID or a Participating Agency. (Chapters 306, 621)

***expenditure**

With respect to provisions of the Antideficiency Act and the Congressional Budget and Impoundment Control Act of 1974, a term that has the same definition as “outlay,” which means a payment to liquidate an obligation (other than the repayment of debt). (Source: GAO Budget Glossary) The total of goods and services or other performance received, whether paid for or not. Accruals plus disbursements equal expenditures. Expenditures are estimates of the total costs incurred by the Agency for a given activity (or group of activities), agreement, or program. (Chapters 200-203, 621, 631)

***expired account**

Appropriation or fund accounts in which the balances are no longer available for incurring new obligations because the time available for incurring such obligations has expired. (Source: JFMIP) (Chapter 621)

expired obligation

The expiration or “end” date of an obligation document. **(See “obligation”)** (Chapter 621)

***field support**

The process by which missions and other technical operating units acquire specific commodities or services through provision of funds to the Pillar Bureaus for use in acquisition and assistance mechanisms. (Chapter 621)

forward funding (program funds)

The availability of funds to support future expenditures for a specified time period after a planned obligation. This definition of forward funding applies to the use of program funds. (Chapters 602, 621)

forward funding (non-program funds)

Obligating, from current year funds, amounts to cover the cost of goods or services to be received/provided in a subsequent fiscal year. Rules for forward funding will vary somewhat depending on the goods/services under consideration. See Chapter 602 for definition as it relates to program funds. (Chapters 603, 621)

***Miscellaneous Obligation**

A miscellaneous obligation (MO) occurs when USAID acquires goods and services of a recurring or continuing nature, such as communication services, public utilities, rent, or procures goods and services primarily on an over-the-counter cash basis. It also occurs for costs such as interest penalty payments, taxis, dispatch agent obligations, interpreter services, training services from another government agency, or for other unanticipated needs. Most MOs are incurred through written binding agreements, such as International Cooperative Administrative Support Services (ICASS) interagency agreements, lease agreements, or a Utility Company Form authorizing that electrical services be provided for a residence for an indefinite time period until cancellation. Some MOs are incurred by USAID with no formal written agreement. These situations normally occur in an overseas environment where vendors require a cash payment and timing is of the essence or issuance of a purchase order is not beneficial. They usually are characterized by a high volume of minimum value transactions for maintenance goods or services acquired by the EXO in support of residential, vehicular, and office operations. (Chapter 621)

***Managing Organization**

The organization selected to manage a designated activity. (Chapter 621)

***obligated balance**

Represents net unpaid obligations that will result in budget outlays of the account being reported, i.e., the total amount of unliquidated obligations of an appropriation or fund account less the amount collectible as repayments from other Federal agencies that will be credited to that account. Offsetting collections that will be credited to a receipt account are excluded from the computation of net unpaid obligations. Receivables from the public, loans, and other long-term receivables, amounts due at some future date under credit sales, and deferred charges are not deducted in computing the net unpaid obligations. (Source: JFMIP) (Chapter 621)

Obligating Official

USAID officials with the delegated authority to sign obligating documents. This includes the authority to negotiate, execute, amend, and administer agreements obligating USAID funds. The Obligating Official may be an Agreement Officer, Contracting/Agreement Officer, Executive Officer, Assistant Administrator, Deputy Assistant Administrator, or other official. (Chapters 603, 621, 634)

***obligation**

Obligations reflect the amounts of orders placed, contracts awarded, services rendered, and similar transactions requiring payments. The total of such obligations in any year is financed by budgetary resources. Obligations reflected in the budget must conform with applicable provisions of law and must be supported by the documentary evidence required by 31 U.S. C. 1501. (Source: JFMIP) (Chapter 621)

Obligation Manager

The individual responsible for managing a specific obligation. The Obligation Manager may be the Cognizant Technical Officer, Activity Manager, Strategic Objective Team Leader, Executive Officer, or other official. (Chapters 202, 303, 603, 621, 631)

***outlays**

Outlays (expenditures) generally are equal to cash disbursements but also are recorded for cash-equivalent transactions, such as the subsidy cost of direct loans and loan guarantees, and interest accrued on public issues of the public debt. (Source: OMB Circular No. A-11) (Chapter 621)

period of availability

The timeframe specified in the Appropriations Act during which new obligations may be incurred. (Chapter 621)

***pipeline**

The amount of funds obligated but not expended; the difference between cumulative obligations (the total amount that has been obligated in an agreement) and cumulative expenditures (the total amount that has been expended), including accruals. Also referred to as obligation balance. (Chapters 202, 621)

reobligation

The obligation of an amount that has been obligated and deobligated in prior transactions. (Chapter 621)

residual funds

The funds remaining in an obligation after the purpose of the obligation has been fully met. (Chapter 621)

Section 511

A section of the FY 2002 Foreign Operation, Export Financing and Related Program Appropriations Act which provides that funds appropriated for the purposes identified in Section 511 remain available for an additional four years from the date on which the availability of such funds would otherwise have expired, if such funds are initially obligated before the expiration of their respective periods of availability. (Chapters 621, 634)

Travel Authorization/Order

The Travel Authorization/Order (TA) is used to obligate funds for the purchase of goods and services associated with temporary duty (TDY) travel, post assignment travel, retirement travel, Personal Services Contract (PSC) travel, and donated travel. (Chapter 621)

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***unexpended balance**

The amount of appropriations or other funds or authority remaining after deducting outlays from total available resources. This balance includes cash with Treasury (and on hand and in banks, when included in Treasury reports), and investments in U.S. Government securities. The unexpended balance of an account is the sum of the obligated and unobligated balances. (Source: JFMIP) (Chapter 621)

unliquidated obligation balance

An amount that has been obligated but not disbursed and remains as uninvoiced unpaid; the difference between the total amount that has been obligated in an agreement and the total amount that has been disbursed. (Chapters 202, 621, 631)

***unobligated balance**

The balance of budgetary resources that have not yet been obligated. (Source: JFMIP) (Chapters 621, 635)

upward adjustment

To increase the amount of a previously recorded obligation when the actual amount is determined and it is larger than the estimated amount. An upward adjustment may require an amendment to the original obligating document. (Chapter 621)

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